

**Town of Ryan, Oklahoma**

**Financial Statements and Report  
of Independent Accountants**

**As of and For the Year Ending  
June 30, 2021**

## **Table of Contents**

Independent Auditor's Report.....	1-2
<u>Government Wide Financial Statements</u>	
Statement of Net Assets – Modified Cash Basis..	3
Statement of Activities – Modified Cash Basis	4
<u>Fund Financial Statements</u>	
Balance Sheet- Modified Cash Basis – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in in Fund Balances- Modified Cash Basis – Governmental Funds	6
Statement of Net Assets-Modified Cash Basis – Proprietary Fund.....	7
Statement of Revenues, Expenses, and Change in Net Position -Modified Cash Basis – Proprietary Fund	8
Statement of Cash Flows-Modified Cash Basis – Proprietary Fund	9
Notes to the Basic Financial Statements.....	10-16
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	17-18
Schedule of Findings and Responses	19

# Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Eric J. Russell, C.P.A., Esq.  
Member AICPA & OSCP

2812 NW 57<sup>th</sup> Street, Suite 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Ryan, Oklahoma

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Ryan, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ryan's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Ryan, as of June 30, 2021, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ryan, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ryan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ryan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Other Matters**

##### *Other Information*

Management has elected to omit other information including the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Boards, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by the omission of this other information.



Russell & Williams, CPAs, P.C.  
Oklahoma City, Oklahoma  
November 30, 2022

**Town of Ryan, Oklahoma**  
**Statement of Net Position - Modified**  
**Cash Basis - Government Wide**  
**For the Year Ended June 30, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
<b>Current Assets:</b>			
Cash - unrestricted	66,251.71	69,835.10	136,086.81
Cash - restricted	16,024.82	29,342.22	45,367.04
Total current assets	82,276.53	99,177.32	181,453.85
<b>Noncurrent assets:</b>			
Capital Assets	165,262.32	776,021.10	941,283.42
Total noncurrent assets	165,262.32	776,021.10	941,283.42
Total assets	\$ 247,538.85	\$ 875,198.42	\$ 1,122,737.27
<b>Liabilities</b>			
<b>Current liabilities</b>			
Meter deposits	-	48,945.15	48,945.15
Current Portion of Long-Term Debt	-	24,779.79	24,779.79
Total Current Liabilities	-	73,724.94	73,724.94
<b>Noncurrent Liabilities</b>			
Notes Payable, net of current portion	-	23,943.27	23,943.27
Total Liabilities	-	97,668.21	97,668.21
<b>Net Assets</b>			
Invested in capital assets, net of related debt	165,262.32	727,298.04	892,560.36
Restricted	16,024.82	29,342.22	45,367.04
Unrestricted	66,251.71	20,889.95	87,141.66
Total net assets	247,538.85	777,530.21	1,025,069.06
Total liabilities and net assets	\$ 247,538.85	\$ 875,198.42	\$ 1,122,737.27

The accompanying notes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Statement of Activities - Modified Cash Basis -**  
**Government Wide**  
**For the Year Ended June 30, 2021**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Primary Government			Business - Type		
	Expenses	Program Revenues	Capital Grants	Governmental Activities	Business Activities	Total
		Charges for Services	Operating Grants			
<b>Primary government</b>						
Governmental activities						
General government	151,711.90	-	-	(151,711.90)	-	(151,711.90)
Police Department	137.70	-	-	(137.70)	-	(137.70)
Fire Department	44,698.22	12,209.00	-	(32,489.22)	-	(32,489.22)
Street Department	4,758.82	-	-	(4,758.82)	-	(4,758.82)
Cemetery	17,400.00	14,240.00	-	(3,160.00)	-	(3,160.00)
Total governmental activities	218,706.64	26,449.00	-	(192,257.64)	-	(192,257.64)
<b>Business-type activities</b>						
Water Department	453,824.10	170,431.35	-	-	(283,392.75)	(283,392.75)
Sewer Department	90,429.13	61,881.46	-	-	(28,547.67)	(28,547.67)
Garbage	55,671.68	117,912.07	-	-	62,240.39	62,240.39
Electric	371,360.79	578,447.25	-	-	207,086.46	207,086.46
Other Business-Type Activities		13,246.85	-	-	13,246.85	13,246.85
Total business-type activities	971,285.70	941,918.98	-	-	(29,366.72)	(29,366.72)
Total primary government	\$ 1,189,992.34	\$ 968,367.98	\$ -	\$ (192,257.64)	\$ (29,366.72)	\$ (221,624.36)
General revenues:						
Sales and Use Taxes				125,715.05	-	125,715.05
Other Taxes				32,787.55	-	32,787.55
Other Income				56,025.79	-	56,025.79
Total general revenues				214,528.39	-	214,528.39
Change in net assets				22,270.75	(29,366.72)	(7,095.97)
Net assets - beginning				225,268.10	806,896.93	1,032,165.03
Net assets - ending				\$ 247,538.85	\$ 777,530.21	\$ 1,025,069.06

The accompanying footnotes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Balance Sheet - Modified Cash Basis - Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash in Bank	61,947.97	4,303.74	66,251.71
Cash in Bank - Restricted	8,467.27	7,557.55	16,024.82
Total Assets	<u>\$ 70,415.24</u>	<u>\$ 11,861.29</u>	<u>\$ 82,276.53</u>
<b>FUND BALANCES</b>			
Unassigned	61,947.97	4,303.74	66,251.71
Restricted	8,467.27	7,557.55	16,024.82
Total fund balances	<u>\$ 70,415.24</u>	<u>\$ 11,861.29</u>	<u>\$ 82,276.53</u>

*Reconciliation of Total Governmental Fund Balance to Net Position  
of Governmental Activities*

<i>Total Governmental Fund Balances</i>	82,276.53
---	-----------

*Amounts reported for governmental activities in the statement of net  
position are different because:*

<i>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.</i>	<u>165,262.32</u>
---	-------------------

<i>Government-Wide Net Position</i>	<u>\$ 247,538.85</u>
-------------------------------------	----------------------

The accompanying notes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances - Modified Cash Basis - Governmental Funds**  
**For the Year Ended June 30, 2021**

	General Fund	Other Funds	Total Governmental Funds
Revenues:			
Sales taxes	125,715.05	-	125,715.05
Other Taxes	26,694.08	6,093.47	32,787.55
Other Revenues	68,234.79	14,240.00	82,474.79
Total revenues	220,643.92	20,333.47	240,977.39
Expenditures:			
General Government	151,711.90	-	151,711.90
Fire	24,312.50	-	24,312.50
Streets	-	3,508.82	3,508.82
Cemetery	-	17,400.00	17,400.00
Total Expenditures	176,024.40	20,908.82	196,933.22
Excess Revenues Over (Under) Expenditures	44,619.52	(575.35)	44,044.17
Net Change in Fund Balances	44,619.52	(575.35)	44,044.17
Fund Balances at Beginning of Year	25,795.72	12,436.64	38,232.36
Fund Balances at End of Year	<u>\$ 70,415.24</u>	<u>\$ 11,861.29</u>	<u>\$ 82,276.53</u>

*Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for hte Year Ended June 30, 2020*

<i>Net change in fund balances - total governmental funds</i>	44,044.17
<i>Depreciation expense is recorded in the government wide financial statements but not in the individual fund financial statements.</i>	(21,773.42)
<i>Change in Fund Balances per Government Wide Statement of Activities</i>	<u>\$ 22,270.75</u>

The accompanying notes are an integral part of these financial statements.



**Town of Ryan, Oklahoma**  
**Statement of Net Position - Modified**  
**Cash Basis - Proprietary Fund**  
**For the Year Ended June 30, 2021**

**ASSETS**

**Current Assets:**

Cash in Bank - Unrestricted	29,342.22
Cash in Bank - Restricted	69,835.10
Total Current Assets	<u>99,177.32</u>

**Noncurrent assets:**

Net Capital Assets	776,021.10
Total Assets	<u><u>\$ 875,198.42</u></u>

**LIABILITIES**

**Current Liabilities:**

Notes Payable - Current Portion	24,779.79
Meter Deposits	48,945.15
Total Current Liabilities	<u>73,724.94</u>

**Non-Current Liabilities:**

Notes Payable - Non-Current Portion	23,943.27
Total Liabilities	<u>97,668.21</u>

**NET POSITION**

Invested in Capital Assets, Net of Related Debt	727,298.04
Restricted	69,835.10
Unrestricted	<u>(19,602.93)</u>
Total Net Position	<u>777,530.21</u>
Total Liabilities & Net Position	<u><u>\$ 875,198.42</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Statement of Revenues, Expenses, and Changes in Net Position -**  
**Modified Cash Basis - Proprietary Fund**  
**For the Year Ended June 30, 2021**

**Operating Revenues:**

Water Sales	170,431.35
Sewer Fees	61,881.46
Garbage Fees	117,912.07
Electricity Sales	578,447.25
Miscellaneous	13,246.85
Total Operating Revenues	<u>941,918.98</u>

**Operating Expenses:**

Water Department	453,824.10
Sewer Department	90,429.13
Garbage Department	55,671.68
Electric Department	369,267.29
Total Operating Expenses	<u>969,192.20</u>

**Non-Operating Revenues (Expenses)**

Interest Expense	2,093.50
Total Non-Operating Revenues (Expenses)	<u>2,093.50</u>

Change in Net Position	<u>(29,366.72)</u>
Net Position at Beginning of Year	<u>806,896.93</u>
Net Position at End of Year	<u><u>\$ 777,530.21</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Statement of Cash Flows - Proprietary Fund -**  
**Modified Cash Basis**  
**For the Year Ended 06/30/21**

Cash Flows from Operating Activities	
Cash Received from Customers	928,672.13
Cash Received from Other Income	13,246.85
Cash Paid to Employees	(205,870.09)
Cash Paid to Suppliers	(714,615.02)
Cash Paid in Interest Expense	(2,093.50)
Net Receipt (Refund) of Meter Account Deposits	1,963.95
Net Cash Provided by Operating Activities	<u>21,304.32</u>
 Cash Flows from Capital and Related Financing Activities	
Principal Paid on Long-Term Debt	<u>13,928.65</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	13,928.65
 Cash Flows from Investing Activities	
Purchases of Capital Assets	(71,250.00)
 Net Increase (Decrease) in Cash and Cash Equivalents	(36,017.03)
Cash and Cash Equivalents at Beginning of Year	135,194.35
Cash and Cash Equivalents at End of Year	<u><u>\$ 99,177.32</u></u>
 <i>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</i>	
Change in Net Assets	(29,366.72)
Depreciation	48,707.09
Net Receipt (Refund) of Meter Account Deposits	1,963.95
Net Cash Provided by Operating Activities	<u><u>\$ 21,304.32</u></u>

The accompanying notes are an integral part of these financial statements.

**Town of Ryan, Oklahoma**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 1-Summary of Significant Accounting Policies**

Financial Reporting Entity

The Town of Ryan, Oklahoma is a Town incorporated under the Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, public works, and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards, and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2021, the Town had only one component unit, the Ryan Utility Authority.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2021, the Town had governmental funds of general fund, street and alley fund, and cemetery fund. The proprietary funds consisted of the Ryan Utility Authority.

Basis of Accounting

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. Under the economic resources measurement focus, capital assets and long-term liabilities are reported. The proprietary fund financial statements are also prepared using the modified cash basis of accounting and economic resources measurement focus.

The fund financial statements use the modified cash basis of accounting and current financial resources measurement focus. Under the current financial resources measurement focus, acquisitions of capital assets are recorded as expenditures, and capital assets are not reported on the fund balance sheets. Long-term liabilities are also not reported on the balance sheets, and the proceeds of long term debt are reported as revenue and the repayment of long term debt is reported as expenditures. Therefore, governmental fund financial statements include appropriate reconciliations to the government-wide financial statements with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program

revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

#### **FUND FINANCIAL STATEMENTS**

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

#### **PROPRIETARY FUNDS**

The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable, then Government Accounting Standards Board pronouncements are used

#### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of monies held in governmental funds for cemetery operations and fire operations. Restricted cash in the Ryan Utility Authority consist of meter deposit funds.

#### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2021.

#### **Budget**

In accordance with Oklahoma Statutes, Title 11, Section 3002, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Budget Act.

#### **Risk Management**

Significant losses are covered by commercial insurance for all Town operations.

#### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Government-wide Proprietary Fund Net Assets**

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt- consist of the historical cost of capital assets, loan proceeds that have not been spent less accumulated depreciation and less any debt that remains.
- b. Restricted net assets, consist of net assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.
- c. Unrestricted, all other net assets are reported in this category.

## Governmental Fund Balances

- a. Nonspendable, amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted, amounts that can be spent only for specific purposes because of the Town's ordinances, state or federal law, or externally imposed conditions by grantors or creditors.
- c. Committed, amounts that can be used only for specific purposes determined by a formal action by Board of Trustee's resolution.
- d. Assigned, amounts that are designated by the Board of Trustees

## Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets) the Town's policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the town's policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

## **Note 2-Deposits with Financial Institutions**

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Ryan is considered a separate entity from the Ryan Utility Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Ryan's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Ryan Utility Authority. The remaining funds would be category 3.

## **Note 3-Capital Assets and Depreciation**

Capital Asset activity for the year ended June 30, 2021 was as follows:

### Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Vehicles and Equipment	\$ 523,081	-	-	\$ 523,081
Total	\$ 523,081	-		\$ 523,081
Accumulated Depreciation	(336,045)	(21,773)	-	(357,819)
Net Assets	<u>\$ 187,036</u>			<u>\$ 165,262</u>

As of June 30, 2021, the governmental funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

Depreciation in the governmental funds is charged to the following departments, police \$137, fire department \$20,386 and streets \$1,250.

#### Utility Authority

Assets	Beginning Balance	Increases	Decreases	Ending Balance
Electric System	81,994	-	-	81,994
Sewer System	168,701	-	-	168,701
Water System	1,303,320	71,250	-	1,374,570
Total	1,554,016	71,250	-	1,625,266
Accumulated Depreciation				
Electric System	(24,466)	(3,832)	-	(28,298)
Sewer System	(136,941)	(2,787)	-	(139,728)
Water System	(639,130)	(42,088)	-	(681,218)
Total	(800,537)	(48,707)	-	(849,244)
Net Capital Assets	<u>\$ 753,478</u>			<u>\$ 776,021</u>

As of June 30, 2021, the Public Works Authority had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

#### **Note 4- Notes Payable**

##### **Governmental Funds**

During the year ending June 30, 2016 the Town of Ryan obtained a note payable to a local financial institution. The note was originated at \$28,110 and carries an interest rate of 5% with monthly payments of \$531. The balance as of June 30, 2021 was \$0. The monies were used to help purchase two fire vehicles. The vehicles were capitalized at \$48,000. The vehicles are collateral for the loan. Obligations under this note were satisfied during the year 2021. The following summarizes activity under this note during the year 2021:

Beginning Balance	4,626
Principal Paid	(4,626)
Ending Balance	<u>\$ -</u>
Interest Paid	<u>\$96</u>

During the year ending June 30, 2017 the Town of Ryan obtained a note payable to a local financial institution. The note was originated at \$24,580 and carries an interest rate of 5% with annual payments of \$4,854 beginning July 2016. The balance as of June 30, 2021 was \$0. The monies were used to purchase additional equipment for the Town's fire trucks.

The equipment was capitalized at \$24,580. The equipment is collateral for the loan. The following summarizes activity under this note during the year 2021:

Beginning Balance	8,971
Principal Paid	(8,971)
Ending Balance	<u>\$ -</u>
Interest Paid	<u>\$ 448</u>

#### Business-Type Funds

During the year ending June 30, 2018 the Ryan Utility Authority obtained a loan from the Oklahoma Municipal Power Authority. The loan was for \$35,308 and was for the purchase and installment of electrical equipment. The equipment was capitalized at \$35,308. The note carries an interest rate of 3.7% with monthly payments of \$477.76. The balance of this note at June 30, 2021 was \$19,294. The equipment is collateral for the loan. Monies needed to amortize this obligation are as follows:

	Principal	Interest		
FY 2022	5,105	628	Beginning Balance	24,214
FY 2023	5,297	436	Principal Paid	(4,920)
FY 2024	8,892	279	Ending Balance	<u>\$ 19,294</u>
	<u>\$ 19,294</u>	<u>\$ 1,343</u>	Interest Paid	<u>\$ 813</u>

During the year ending June 30, 2019 the Ryan Utility Authority obtain a loan from a local financial institution. The loan was for \$20,080 and was for the purchase of equipment. The equipment was capitalized at \$20,080. The note carries an interest rate of 7% with 24 monthly payments of \$899.75. The balance of this note at June 30, 2021 was \$0. The equipment is collateral for the loan. The following summarizes activity under this note during the year 2021:

Beginning Balance	6,995
Principal Paid	(6,995)
Ending Balance	<u>\$ -</u>
Interest Paid	<u>\$ 194</u>



During the year ending June 30, 2020, the Ryan Utility authority obtained a loan from a financial institution with a principal amount of \$10,050, for the purchase and installment of a motor in a digger truck. The motor was capitalized at \$20,201. The note carries an interest rate of 2.25% with monthly payments of \$569. The balance of this note at June 30, 2020 was \$3,386. The equipment is collateral for the loan. The following summarizes activity under this note during the year 2021:

Beginning Balance	3,586
Principal Paid	(3,586)
Ending Balance	<u>\$ -</u>
Interest Paid	<u>\$ 6.72</u>

During the year ending June 30, 2021, the Ryan Utility Authority obtained a loan from a financial institution with a principal amount of \$20,080, for the purchase of a digger truck. The truck was capitalized at \$28,000. The note carries an interest rate of 7% with monthly payments of \$899.95. The balance of this note at June 30, 2021 was \$12,054. The equipment is collateral for the loan. Amounts required to amortize this obligation are as follows:

	Principal	Interest	Beginning Balance	20,080
FY 2022	10,281	518	Principal Paid	(8,026)
FY 2023	1,773		Ending Balance	<u>\$ 12,054</u>
	<u>\$ 12,054</u>	<u>\$ 15</u>		

During the year ending June 30, 2021, the Ryan Utility Authority obtained a loan from a financial institution with a principal amount of \$18,080, for the purchase of a digger truck. The truck was capitalized at \$28,000. The note carries an interest rate of 7%, with monthly payments of \$810.43. The balance of this note at June 30, 2021 was \$17,375. The equipment is collateral for the loan. Amounts required to amortize this obligation are as follows:

	Principal	Interest	Beginning Balance	18,080
FY 2022	8,787	1,043	Principal Paid	(705)
FY 2023	8,588	303	Ending Balance	<u>\$ 17,375</u>
	<u>\$ 17,375</u>	<u>\$ 1,346</u>		

#### Note 5-Subsequent Events

Subsequent events have been evaluated through November 30, 2022, which is the date the financial statements were issued.

**Note 6 – Restricted Cash**

	Governmental Funds	Ryan Utility Authority
Meter Deposits		29,342
Fire Department Funds	8,467	
Cemetery Monies	7,558	-
Totals	<u>\$ 16,025</u>	<u>\$ 29,342</u>

## Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.  
Autumn L. Williams, C.P.A., Esq.  
Member AICPA & OSCPA

2812 NW 57<sup>th</sup> Street, Suite 102  
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743  
Fax: (405) 607-8744  
Email: caseycpa@hotmail.com

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
Town of Ryan, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Ryan, Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ryan, Oklahoma's basic financial statements and have issued our report thereon dated November 30, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Ryan, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ryan, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Ryan, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. Referenced as 2021-1.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Ryan, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items. Referenced as 2020-2

### **Town of Ryan, Oklahoma's Response to Findings**

Town of Ryan, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Town of Ryan, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Donald & William CPA PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
November 30, 2022

## **SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

### **Current Year Findings**

#### **2021-1 Segregation of Duties**

CONDITION: Accounting functions and utility billing duties are often handled by the same person who has access to the cash collections.

CRITERIA: Proper internal control mandates segregation of duties for significant accounting functions.

CAUSE OF THE CONDITION: The town is small and has limited resources to use for the additional personnel necessary to the proper segregation of duties.

EFFECT OF THE CONDITION: The town's accounting records are vulnerable to misstatement and possible theft.

RECOMMENDATION: The Board of Trustees provides as much supervision of the expenditure process as possible. The town should also consider a policy of not accepting cash payments for utility billing payments. But to only accept checks, money orders and or cashiers checks. Also a policy of matching daily utility collection reports to actual deposits should be implemented.

MANAGEMENT RESPONSE: Management will consider the suggestion.